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FOR ACTION

UNITED NATIONS CHILDREN'S FUND

REVISED BUDGET ESTIMATES FOR THE BIENNIUM 1990-1991 AND BUDGET ESTIMATES FOR THE BIENNIUM 1992-1993 AND RECOMMENDATION FOR ADDITIONAL HEADQUARTERS OFFICE ACCOMMODATION

Report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions (ACABQ) has considered revised budget estimates for 1990-1991 and budget estimates for 1992-1993 with respect to UNICEF (E/ICEF/1991/AB/L.1), including the recommendation of the Executive Director for additional office accommodation at UNICEF New York headquarters (E/ICEF/1991/AB/L.9). The Committee points out that the estimates were prepared at the November 1990 rates of exchange. During its consideration, the Committee requested and received additional information from representatives of UNICEF.

2. It should be noted that the UNICEF budget estimates and the present report are almost exclusively concerned with expenditure. Estimates of income are only briefly referred to in the budget document and, as the Committee has been informed, are subject to change. In this connection, the Committee noted a lack of contingency planning with regard to how additional income would be utilized and what reductions would be imposed should there be a shortfall.

3. The Committee also noted that the budget estimates are not clearly related to the UNICEF programme. Although recognizing that the UNICEF budget is not a programme budget, there should still be a clear reference in the explanation of the estimates, especially as it relates to changes (increases/decreases). For example, the budget shows large across-the-board increases in costs "to meet the challenges of the 1990s" or "the changing needs of the 1990s strategies". The Committee notes that the priorities set

out in the budget document such as the standardization of field offices, the reclassification of posts, the strengthening of the Division of Personnel and the expansion of headquarters office accommodation are administrative and organizational objectives. However, there is no indication of how these objectives and the increases proposed in the budget relate to programme priorities and the long-term objectives of UNICEF.

4. As indicated in paragraph 22 below, the Committee also believes that the UNICEF practice of charging administrative and support posts to different sources of funding makes it difficult to ascertain the full administrative costs of the Fund. As stated by the Committee, the proportion of the administrative budget in relation to UNICEF total expenditure is high. Related to this is the frequent conversion of posts back and forth from one fund to another with little explanation and without a clearly stated set of criteria.

5. In its examination of proposals for reclassification, the Committee noted a trend towards a top-heavy structure at headquarters and its recommendations reflect this belief (see para. 36 below), as well as the belief that reclassifications should not be seen as the answer to personnel problems.

6. The Committee also noted a trend to strengthen headquarters at the expense of the field and this is most evident in the use of project posts and the interregional fund for programme preparation, promotion and evaluation (IFPPE) posts at headquarters (see paras. 46-52 below).

Revised budget estimates for 1990-1991

7. As indicated in paragraph 4 of document E/ICEF/1991/AB/L.1, the Executive Director is requesting an increase of $31.2 million in the budget for the 1990-1991 biennium. Table 1 below compares the approved and the revised estimates of expenditure for 1990-1991.

8. According to paragraphs 4 and 81 to 83 of the budget document, the increase of $31.2 million is attributable to "mandatory" adjustments ($25.3 million) and "additional" activities ($5.9 million). The Advisory Committee recalls that a reserve of $3 million was included in the 1990-1991 budget (see paras. 15 and 16 below).

Table 1. Budget expenditure estimates for the biennium 1990-1991

(In United States dollars)

Costs	Approved 1990-1991	Revised 1990-1991	Variance Amount	Variance Percentage
1. Staff costs				
(a) International	94 596 926	104 986 351	10 389 425	11.0
(b) Local	90 104 676	92 909 169	2 804 493	3.1
Total staff costs	184 701 602	197 895 520	13 193 918	7.1
2. (a) General operating costs: headquarters	56 825 711	66 169 142	9 343 431	16.4
(b) General operating costs: field	46 737 067	56 059 216	9 322 149	19.9
(c) Capital expenditures: headquarters	2 183 447	2 196 223	12 776	0.6
(d) Capital expenditures: field	1 199 026	1 186 250	(12 776)	(1.1)
Total general operating costs and capital expenditures	106 945 251	125 610 831	18 665 580	17.5
3. Packing and assembly costs	10 347 662	9 694 249	(653 413)	(6.3)
Total costs	301 994 515	333 200 600	31 206 085	10.3

9. Table 2 below shows the proposed increases for the biennium 1990-1991.

Table 2. Breakdown of mandatory and additional increases in the 1990-1991 revised budget

(In thousands of United States dollars)

	Category	Mandatory	Additional	Total
1.	Staff costs			
	(a) International	10 389.4	0.0	10 389.4
	(b) Local	2 804.5	0.0	2 804.5
	Total staff increases	13 193.9	0.0	13 193.9
2.	General operating costs and capital expenditures			
	(a) General operating costs: headquarters	6 616.3	4 227.1	10 843.4
	(b) General operating costs: field	8 039.9	2 782.2	10 822.1
	(c) Capital expenditures: headquarters	0.0	12.8	12.8
	(d) Capital expenditures: field	0.0	(12.8)	(12.8)
	(e) Reserves			
	(i) Headquarters	(1 500.0)	0.0	(1 500.0)
	(ii) Field	(1 500.0)	0.0	(1 500.0)
	Total general operating costs and capital expenditures increases	11 656.2	7 009.3	18 665.5
3.	Packing and assembly costs	494.2	(1 147.6)	(653.4)
	Total	25 344.3	5 861.7	31 206.0

10. According to paragraph 81 of the budget document, the increase of $13.2 million for staff costs is due to mandatory increases in post adjustment, revised local salary scales, pension contributions and revised entitlements such as mobility allowances for international field staff. The Committee further notes from paragraph 81 of the budget document (E/ICEF/1991/AB/L.1) that four additional core posts (two Professional and two General Service) have been added to the revised 1990-1991 budget under "mandatory" staff costs for programme development in Central and Eastern Europe for which the Executive Board has already approved the financial appropriation (decision 1990/5). Considering that the support to Central and Eastern Europe is transitional for the period 1990-1992 (E/ICEF/1990/CRP.19), these posts need not necessarily be permanently established. Accordingly, the Committee recommends that the four additional core posts be reviewed in December 1992.

11. The Committee notes that, according to annex V to the budget document, five posts (four International Professional and one General Service) are to be redeployed from the field to headquarters. Thus, together with the four posts referred to in paragraph 10 above, nine additional posts will be located at headquarters. The field establishment will decrease by five posts. The Committee cautions UNICEF against an increase of budget posts at headquarters at the expense of the field.

12. The Committee notes from the revised 1990-1991 staffing table that a Division of Information and a Division of Public Affairs have been established at UNICEF, each headed by a director at the D-2 level with a deputy director (D-1). The Committee had clearly noted in its last report (E/ICEF/1989/AB/L.9, para. 35) that there was no need to restructure the Division of Information and Public Affairs and that the original structure with one D-2 post was satisfactory. The Committee sees no need for two separate divisions dealing with information and public affairs. The Committee recommends that the need for these two divisions and the level of staffing, including the grade structure, be reviewed by the Executive Board. If this recommendation is accepted, the resultant reduction in the 1990-1991 revised budget would be $677,500, including $544,500 for operating costs (see E/ICEF/1989/AB/L.1, para. 282) and $133,000 for one D-2 post.

13. As shown in table 2 above, the total operating costs increase of $18.7 million is due to mandatory increases of $11.7 million and additional costs of $7.0 million. The Committee was informed that the latter costs cover installation costs for additional office space requested for New York headquarters ($2.0 million), additional rent in New York ($1.6 million), additional pro-rated project posts ($0.4 million) and new office premises, equipment, furniture and vehicles ($3.0 million) due to expanded programme activities.

14. The Committee recalls that it has consistently cautioned UNICEF that "supplementary appropriations should not be requested in the middle of a biennium to expand existing activities" except for those amounts needed to meet the effects of fluctuations in exchange rates, inflation or other

unforeseen developments, or to cover financial implications of specific decisions of the Executive Board for which no financial provisions had been made (documents E/ICEF/1985/AB/L.2, para. 18, and E/ICEF/1989/AB/L.9, para. 8). The Committee's observations and recommendations on the request for additional pro-rated project posts are contained in paragraph 51 below; and the Committee's views on installation costs and rent of additional office space at headquarters are in paragraphs 55 to 64 below.

15. Upon inquiry, the Committee was informed that the reserve of $3 million has been utilized in 1990-1991 for a number of expenditures which, in the Committee's opinion, are not "mandatory" or unforeseen costs. These include travel costs, rent of additional office space, production of a fund-raising film, appointment of short-term staff and upgrading of a country office. The Committee recalls that the reserve was established as a contingency in order to cover such costs as salary increases, exchange rate fluctuations, unanticipated rent increases and additional staff entitlements approved by the General Assembly. As indicated above, the reserve in 1990-1991 was diverted to other uses. The Committee trusts that UNICEF will in future utilize the reserve for the purpose for which it was intended.

16. As for the request for a reserve of $4 million in the 1992-1993 budget estimates, the Committee points out that if supplementary budgets continue to be requested in the future, there would be no need to include a reserve in the initial appropriations. The Committee was informed that UNICEF has no intention of submitting a supplementary budget for the 1992-1993 biennium and that the 1990-1991 supplementary budget of $31.2 million was a special case.

17. The Committee notes that the estimated reimbursable procurement income for 1990-1991 amounts to $5,558,000. The estimated staff costs for 54 extrabudgetary posts (10 International Professional and 44 General Service) total $6,054,000 and are charged to reimbursable income/funds-in-trust (annex XVIII to the budget document). For the proposed 1992-1993 biennium, the estimated reimbursable procurement income amounts to $6,455,000 and the related staff costs to $6,653,000. The Committee expresses its concern that the estimated reimbursable procurement income, after adjustment for interest earned, does not cover the estimated staff costs, resulting in a deficit of $496,000 in the revised 1990-1991 budget and of $198,000 in 1992-1993. The Committee recommends that steps be taken to ensure that the estimated staff costs do not exceed the estimated income from reimbursable procurement.

Proposed budget estimates for 1992-1993

18. UNICEF projects a gross income of $2,194 million for 1990-1993 (paras. 17 and 18 of the budget document), reflecting an increase of $371 million over the initial 1989 projection for the 1990-1993 period. The Executive Director plans to use $289 million for additional general resources programmes and $85 million for increases in the administrative budgets. Thus, the $371 million projected increase of income will be exceeded by $3 million. The UNICEF projected annual growth rate of general resources income for 1990-1994 is 8.9 per cent.

19. The Committee believes that the income projections for 1990-1994 in annex IV to the budget document need further substantiation by providing additional information such as pledges received at the November 1990 Pledging Conference and the 1990 income performance in comparison with previous years. The Committee, therefore, recommends that future budget documents should contain more up-to-date information to justify the extent to which projected income is assured and attainable.

20. As shown in table 3 below, UNICEF proposed budget estimates for the 1992-1993 biennium amount to $394.6 million (gross), an increase of $92.6 million, or 31 per cent, over the 1990-1991 aproved budget and $61.3 million, or 18 per cent, over the 1990-1991 revised budget (see annex VII to the budget document). According to the Executive Director, the increase for 1992-1993 is based on "a global inflation rate of 5 per cent, in terms of United States dollars".

21. The Advisory Committee recalls that in its last report (E/ICEF/1989/AB/L.9, para. 22), it expressed concern regarding the trend towards increased expenditure and noted that if this trend were to continue, the UNICEF support budget would likely absorb a larger share of UNICEF funds. The Committee notes that the total administrative expenditure of UNICEF continues to increase. According to annex IV to the budget document, the annual administrative budget of UNICEF is estimated to increase by $41 million, or 28 per cent, from $145.5 million in 1990 to $186.7 million in 1993. As a result, the ending cash balance is decreasing substantially from $143.5 million in 1990 to $65.9 million in 1993. Under the circumstances, strict attention to economy in the administrative budget becomes all the more important.

22. Furthermore, the UNICEF procedure of charging administrative and support posts to different sources of funding makes it difficult to ascertain the full administrative costs of the Fund. The Committee notes that the report of the Board of Auditors (A/45/5/Add.2) shows in the 1988-1989 statement of income and expenditures a total of $243.3 million for administrative costs ($134.75 million for programme support and $108.55 million for administrative services), representing 21 per cent of UNICEF total expenditures of $1,149.3 million. In the light of the foregoing, the Committee is of the view that the proportion of the administrative budget in relation to UNICEF total expenditures is high and that every effort should be made to achieve a more cost-effective programme delivery.

Table 3. Comparison of UNICEF estimates by major categories of expenditure

(In millions of United States dollars)

Category	Revised 1990-1991	Proposed 1992-1993	Increase Amount	Increase Percentage
1. STAFF COSTS				
(a) International staff costs				
Established posts	58.9	71.9	13.0	22
Other	46.1	50.8	4.7	10
Subtotal	105.0	122.7	17.7	17
(b) Local staff costs				
Established posts	55.7	69.2	13.5	24
Short-term Professional service staff	5.0	5.2	0.2	4
Other	32.2	36.9	4.7	15
Subtotal	92.9	111.3	18.4	20
Total staff costs	197.9	234.0	36.1	18
2. GENERAL OPERATING COSTS AND CAPITAL EXPENDITURES				
(a) General operating costs: headquarters	66.2	75.3	9.1	14
(b) General operating costs: field	56.0	67.5	11.5	21
(c) Capital expenditures: headquarters	2.2	3.0	0.8	36
(d) Capital expenditures: field	1.2	2.8	1.6	133
Total general operating costs and capital expenditures	125.6	148.6	23.0	18
3. PACKING AND ASSEMBLY COSTS	9.7	12.0	2.3	24
TOTAL GROSS	333.2	394.6	61.4	18
4. INCOME RELATED TO THE BUDGET	25.0	25.0		
TOTAL NET	308.2	369.6	61.4	20

23. The following table provided by UNICEF, at the request of ACABQ, shows the UNICEF staffing from all sources of income.

Table 4. Core and project posts at headquarters and in the field

	1982/1983			1988/1989			1990/1991 REVISED			1992/1993 PROPOSED		
	HQ	FIELD	TOTAL	HQ	FIELD	TOTAL	HQ	FIELD	TOTAL	HQ	FIELD	TOTAL
CORE	603	1335	1938	501	1511	2012	526	1534	2060	574	1539	2113
PROJECT												
GENERAL RESOURCES												
IFPPE				59	39	98	88	47	135	84	61	145
OTHER				22		22	37		37	37		37
TOTAL GR	N/A	N/A	N/A	81	39	120	125	47	172	121	61	182
SUPPLEMENTARY FUNDS												
PRO-RATED				41		41	87		87	99		99
OTHER a/				79		79	68		68	64		64
TOTAL SF	N/A	N/A	N/A	120	N/A	120	155	N/A	155	163	N/A	163
TOTAL PROJECT	12	1176	1188	201	2494	2695	280	2847	3127	284	2881	3165
TOTAL CORE AND PROJECT	615	2511	3126	702	4005	4707	806	4381	5187	858	4420	5278
PERCENTAGE	19.7%	80.3%	100.0%	14.9%	85.1%	100.0%	15.5%	84.5%	100.0%	16.3%	83.7%	100.0%
EXTRABUDGETARY				63		63	58		58	58		58
SHORT-TERM b/												
TOTAL OF ABOVE	615	2511	3126	765	4005	4770	864	4381	5245	916	4420	5336

a/ The difference between the figures and the budget document is due to the fact that the budget document does not include World Summit for Children and Florence project posts.

b/ In addition, the Advisory Committee points out that $10.2 million is provided for short-term local staff in the proposed 1992-1993 budget; the corresponding figure for 1990-1991 is $10.1 million.

24. According to paragraph 8 of the budget document, there is a net increase of 53 core posts (20 International Professional, 14 National Professional and 19 General Service) in the proposed 1992-1993 budget, compared with the revised 1990-1991 budget as follows:

Table 5. Proposed additions (reductions) of core posts

	D-2	D-1	P-5	P-4	P-3	P-2	Total IP	NP	GS	Total
Headquarters										
Redeployments	0	0	2	0	0	0	2	0	0	2
Reclassifications	2	2	2	2	(8)	0	0	0	0	0
Additions	2	(1)	1	3	2	0	7	0	39	46
Total	4	1	5	5	(6)	0	9	0	39	48
Field offices										
Redeployments	0	0	(2)	0	0	0	(2)	0	0	(2)
Reclassifications	2	4	6	(3)	(9)	0	0	0	0	0
Additions	0	1	2	1	12	(3)	13	14	(20)	7
Total	2	5	6	(2)	3	(3)	11	14	(20)	5
GRAND TOTAL	6	6	11	3	(3)	(3)	20	14	19	53

25. As a result, the number of established posts would increase by 48 at headquarters and by 5 at field offices (see annex V to the budget document), thereby further increasing the proportion of core budget posts at headquarters to 27 per cent.

26. The Committee questions the proposal for a third D-2 core post in the Programme Division. This proposal would establish two associate director posts at the same level as the director of the division and would make the division more top heavy: 3 D-2s, 12 D-1s, 11 P-5s, 4 L-7s, 2 L-6s and 18 L-5s.

27. The Committee was also not convinced of the need for a new D-2 post for the Director, Planning and Coordination Office. This office was established to follow up the World Summit for Children within the programme group. However, the functions of this office are not equivalent to those of a full-fledged division. The Committee notes that the planning functions of the Planning and Coordination Office such as analysing socio-economic trends and formulating strategic plans are part of programming which could be carried out effectively by the Programme Division; coordination of policy and guidance is directly related to the functions of the Office of the Executive Director. In

view of the high average level and large number of senior UNICEF staff at headquarters, the Committee recommends against the proposed new D-2 core posts. The Committee further recommends that before approving the establishment of new organizational units at headquarters, the Executive Board should ascertain beyond a reasonable doubt that the related functions could not be carried out by existing units.

28. The Committee notes from paragraphs 412 to 439 of the document that in order to strengthen the Division of Personnel, it is proposed to establish the posts of senior recruitment officer (P-5), assistant remuneration officer (P-2) and three General Service core posts, as well as remuneration officer (L-3) and training officer (L-2/3), in addition to the proposed upgrading of seven International Professional core posts. However, the increase of work does not fully justify the establishment of a post of senior recruitment officer (P-5) at the same level as that of the current chief, Recruitment and Staff Development Section.

29. For the Division of Information, it is proposed to establish one P-4 core post of information officer, one P-3 core post of photo editor/photographer and pro-rated General Service post. For the Division of Public Affairs, one P-4 core post of public affairs officer and one General Service core post are proposed.

30. The Committee notes from paragraphs 388 to 407 of the budget document that the proposed information officer and the public affairs officer would coordinate with National Committees for UNICEF and that an administrative assistant is proposed so that each division would have its own administrative staff. The Committee refers to its comments in paragraph 12 above that in order to deal more effectively with public information in one organizational unit and to avoid duplication, the Division of Information and the Division of Public Affairs should be merged. Accordingly, the Committee recommends against the establishment of the posts of information officer, public affairs officer and administrative assistant. The Committee notes that the proposed P-5 core post of chief, Technical Support Section, Office of Information Resources Management, was consequent upon the separation of the Application and Technical Support Section into two sections, one for Technical Support and the other for Application Development (paras. 460 and 468 of the budget document). The Committee was not convinced of the need to separate the Application and Technical Support Section into two sections.

31. With regard to the Geneva Office, it is proposed to establish one P-4 core post of operations officer to coordinate the functions of administration, finance, personnel and information resources management, one core P-3 programmer analyst and two core General Service posts of secretary, resulting in a total of 61 posts at the Geneva Office, including 29 International Professional posts (16 core, 6 project and 7 government-sponsored) and 32 General Service posts (29 core and 3 project). The Committee believes that the continued increase of posts at the Geneva Office is not fully justified in terms of programmatic needs and, therefore, recommends that efforts be made to contain the number of posts at the present level.

32. The Committee notes that the proposed redeployment of six regional internal audit posts at the P-5 level to New York headquarters would shift further senior posts and important functions from the field to headquarters. The Committee is of the view that this transfer would be costly, would move all senior internal auditors away from their assigned regions and field offices which they are supposed to audit first-hand, would curtail direct and independent control in the field, would entail frequent travel, communication and follow-up at high costs and might even result in bureaucratic delays. The Committee, therefore, recommends that the present deployment be maintained with a view to ensuring the most cost-effective audit in the regions.

33. On the basis of increased programme activities, the Committee concurs with the proposed establishment of 11 International Professional and 14 National Professional posts at field offices. As for the 39 General Service posts to be established at headquarters, the Committee notes that 29 would be through regularization of short-term staff. According to paragraph 80 of the budget document, there is no additional cost to the administrative budget for this regularization. In this connection, the Committee notes that there is no indication that the corresponding reduction has been made in the amount requested for short-term staff. Moreover, the Committee is not convinced of the need for the additional 10 posts in view of the advanced state of computarization.

34. The Committee has recommended against the proposed establishment of the following posts at headquarters: associate director (D-2), Programme Division; director (D-2), Planning and Coordination Office; Information Officer (P-4), Division of Information; public affairs officer (P-4) and administrative assistant (GS), Division of Public Affairs; operations officer (P-4), Geneva Office; and 12 General Service posts. The Committee has further recommended that the six regional audit posts should be retained in the field.

Proposed reclassifications

35. According to annex II of the budget document, 51 International Professional posts are proposed for upgrading and two for downgrading in the 1992-1993 biennium. The Committee notes that the majority of the proposed reclassifications are at the senior level, including four D-1 posts to the D-2 level (director of the Geneva Office, director of the Evaluation Office at headquarters and the representatives in Ethiopia and Nigeria), 10 P-5 posts to the D-1 level and 19 P-4 posts to the P-5 level.

Table 6. Proposed upgradings (downgradings) of International Professional posts

Proposed level	Field offices	Headquarters	Total
D-2	2	2	4
D-1	6	4	10
P-5	13	6	19
P-4	9(1)	9	18(1)
P-3	0	0(1)	0(1)
P-2	0	0	0
All levels	30(1)	21(1)	51(2)

36. The Committee understands that the average grade level at headquarters has risen faster and is now higher than in the field. The Committee notes that 50 per cent of the total International Professional core posts at UNICEF are at the senior level, with the largest number at the P-5 level. In its last report (E/ICEF/1989/AB/L.9, para. 28), the Committee pointed out that the continued change in the distribution of grades at UNICEF is showing a trend towards "grade-creep", resulting in a shift upwards in the average grade of staff and a trend to a top-heavy organization. The Committee points out that the phenomenon of grade-creep in UNICEF is accelerating and that the average grade level of UNICEF International Professional core posts in 1992-1993 will be P-4, step 5.

37. The Committee was not convinced of the need to upgrade the post of director, Evaluation Office, to the D-2 level. This office was established as a small independent unit with two core programme officers in September 1987, reporting mainly to the deputy executive director, programmes, to support the programming process. The Committee believes that the functions of the head of this office, as indicated in paragraph 517 of the budget document, are not equivalent to those of the directors of the large divisions at UNICEF headquarters.

38. As regards the proposed ugradings of the posts of counsellor to the Executive Director and special assistant/director, United Nations affairs, to the D-1 level, the Committee notes that the Office of the Executive Director would then consist of one Under-Secretary-General, three Assistant-Secretaries-General, two D-1s, two L-6s, one L-5, two P-4s and three junior staff. The Committee believes there is no need for such a top echelon in that office and, accordingly, recommends against the proposed upgradings. The Committee was also not convinced of the need to upgrade at the same time the posts of special assistant and executive assistant to P-4.

39. With regard to the planned strengthening of the Division of Personnel, the Executive Director proposes to upgrade seven International Professional posts in the division, including one chief of section from P-5 to D-1 and three P-4 posts to P-5 (see paras. 412-439 of the budget document). The Committee is of the view that the need to strengthen the Division of Personnel owing to the increase of staff does not necessarily require the upgrading of a number of posts to the senior level. The Committee notes that the proposed upgrading of the post of chief, Recruitment and Staff Development Section, to D-1 would establish a third D-1 post under the director of the division and entail the eventual upgrading of other chiefs of section to D-1 at the level of the current deputy director. The Committee was also not convinced of the need to upgrade the posts for (senior) personnel officer to P-5 (the same level as that of the current chief, Personnel Policy and Services Section), for the chief, Remuneration Unit, to P-5, for a training officer to P-5 and for two personnel officers to P-4. The Committee further notes that the proposed strengthening of the Division of Personnel would result in a disproportionate number of senior staff, including one D-2, three D-1 and five P-5 posts.

40. The Committee welcomed the 1990 UNICEF study to establish criteria for core professional staffing in field offices with a view to strengthening UNICEF capacity in the field, as described in paragraphs 32 to 47 of the budget document. The Committee concurs with the establishment of criteria for determining the relative size of field offices and the related level of UNICEF representatives. The Committee notes that factors to be used in this exercise would include the use of programme throughput as a standard measure, the taking into account of the number of professional staff supervised, the level of operating costs of the field offices and other considerations. The Committee trusts that, taking special considerations into account on a case-by-case basis, this exercise should result in a more efficient and cost-effective operation of field offices.

41. The Committee notes from paragraph 41 of the budget document that seven field offices are proposed for upgrading to full country offices and five offices to sub-offices. The Committee requests that in future submissions, the need to upgrade field offices should be justified fully in the budget document.

42. The Committee further notes from the analysis to determine the level of field representatives that the implementation of the appropriate levels should not only have resulted in proposed upgradings, but also should have led to a number of downgradings. The Committee does not see any reason why six representatives posts are budgeted in the revised 1990-1991 and the proposed 1992-1993 biennium at a higher level than what had been determined. The Committee was also surprised that one representative post has been proposed for upgrading to D-1, although the level has been determined to be P-5.

43. Based on a managerial study, it is proposed to upgrade two representative posts to the D-2 level (Ethiopia and Nigeria) and six to D-1 together with

their programme officers to P-5. Considering that there are already 10 established D-2 core posts in the field in 1990-1991, the Committee cautions against the trend to upgrade an increasing number of representative posts to the D-2 level. The Committee recommends that offices with large programme throughput should be evaluated on the basis of a five-year period, thus eliminating emergency operations where a D-2 post may not be warranted on a long-term basis. The granting of a special post allowance might be more appropriate in this situation. The Committee is of the view that the proposed upgrading of eight representative post does not necessarily entail the upgrading of the senior programme officers at those offices to the P-5 level, as proposed in paragraph 47 of the budget document.

44. As regards the restructuring of regional offices, the Committee notes that it would have been useful if the reasons for establishing a new Regional Office for South Asia at Kathmandu, Nepal, and the administrative and financial implications, would have been indicated in the budget document. The Committee recommends in this connection that UNICEF reassess the need and effectiveness of its regional offices. This assessment should aim at avoiding yet another additional administrative layer in the chain of responsibility between headquarters and country offices. Otherwise the administrative and other costs involved might adversely affect programme delivery.

45. In paragraphs 35 to 44 above, the Committee has recommended restraint in the practice of upgrading of staff, in particular at headquarters, and has accordingly recommended against the proposed upgrading of the following posts at headquarters: director, Evaluation Office, to D-2; counsellor to the Executive Director to D-1, special assistant/director, United Nations affairs, to D-1, special assistant to P-4 and executive assistant to P-4 (Office of the Executive Director); chief, Recruitment and Staff Development Section, to D-1, (senior) personnel officer to P-5, training officer to P-5, chief, Remuneration Unit, to P-5, recruitment officer to P-4 and two personnel officers to P-4 (Division of Personnel). The Committee has further recommended that seven representative posts should not be budgeted at a higher level than determined in the analysis for the establishment of representative levels and that proposed upgradings of representatives to D-2 be reviewed on the basis of programme throughput over a period of five years.

Utilization of project posts and the interregional fund for programme preparation, promotion and evaluation

46. According to table 4 above, the number of project posts at headquarters increased rapidly from 12 in 1982 to 284 in 1992, at a rate 10 times higher at headquarters than in the field. As a result, the proportion of project posts against core posts at headquarters increased from 3 per cent in 1982 to 50 per cent in 1992. While the number of core posts at headquarters decreased substantially from 603 in 1982-1983 to 501 in 1988-1989, it is increasing to 574 in 1992-1993. The Committee notes that from 1988-1989 to 1992-1993, the number of International Professional core and project posts at headquarters is increasing from 285 to 355, or from 25 to 29 per cent, respectively, of the

total number. Furthermore, in the 1988-1989 biennium, 63 extrabudgetary posts were established at headquarters compared to 58 in 1992-1993. The Committee notes that the total number of staff at headquarters increased by about 50 per cent from 615 out of 3,126 in 1982-1983 to 916 out of 5,336 in 1992-1993, excluding short-term staff.

47. With regard to headquarters project posts charged directly to general resources, annex XIV (c) to the budget document indicates an increase from 116 to 121 posts in the proposed 1992-1993 budget, of which 92 are funded from IFPPE in the 1992-1993 biennium. The Committee notes from document E/ICEF/1989/CRP.21 that the IFPPE budget for 1990-1991 amounts to $30 million, including $8.5 million for staff costs (headquarters), $6.0 million for staff costs (field), $0.4 million for travel costs (headquarters), $0.8 million for travel costs (field) and $13.5 million for programme activities. Bearing in mind that the main purpose of the fund is to support country and regional offices in the preparation of programmes, the Committee sees no justification why the total costs at headquarters are substantially higher than those in the field where the majority of IFPPE posts should be located to promote the objectives of the Fund. The Committee recalls that the IFPPE was established:

> "... to enable UNICEF to work closely with government ministries of the countries with which it cooperates in the preparatory work leading to the formulation of national policies, in the preparation of programmes for strengthening services benefiting children and in the assessment of current activities, as well as in the exchange of experience between regions and different countries" (E/ICEF/1989/P/L.37, para. 1).

48. The Committee expresses its concern that over 50 per cent of the IFPPE budget cover staff and travel costs. The Committee was informed that in the 1990-1991 biennium, 140 posts are financed from the IFPPE budget, of which 92 posts (66 per cent) are located at headquarters. For the 1992-1993 biennium, 149 posts are proposed to be funded from the IFPPE budget, including 88 posts for headquarters. The Committee notes that the IFPPE budget for 1990-1991 includes at headquarters 2 L-7s, 6 L-6s and 15 L-5s, namely special assistant (L-7), programme; associate director (L-7), programme; principal public affairs officer (L-6), public affairs; director (L-6), United Nations affairs; special assistant (L-6), operations; senior programme officer (L-5), rapid assessments, evaluation; senior programme funding officer (L-5), programme funding; chief, cost economics (L-5), programme; training officer (L-4), personnel, and historian/editor (L-4).

49. The Committee notes from annex XIV (c) to the budget document that the proposed upgrading of some headquarters posts and promotion of staff in the proposed 1992-1993 budget appear to have been implemented and financed from the 1990-1991 IFPPE budget. In view of the continued increase of IFPPE posts at headquarters and the use of the fund for purposes not directly related to programme support of country and regional offices, the Committee recommends that the administrative and financial implications of the IFPPE budget should in future be submitted to the Executive Board through the Advisory Committee.

50. The Committee was informed that in the revised 1990-1991 budget, seven International Professional posts (one at Copenhagen and six in the field) are to be converted from other sources of funding to core funding. In the proposed 1992-1993 budget, 22 International Professional posts are proposed for conversion to core funding and 13 posts to other sources of funding. The Committee notes that of the proposed 35 conversions in 1992-1993, 33 relate to field offices and 2 to New York headquarters (associate director (D-2), Programme Division, converted to core funding; and a systems analyst (P-4), information resources management, converted to other sources of funding). The Committee notes that no information is provided on the criteria governing the conversion of headquarters posts to core funding or to other sources of funding.

51. With regard to the proposed additional $0.4 million in the revised 1990-1991 budget for 15 additional pro-rated project posts at headquarters, no information was provided on the number and scope of the expanded supplementary-funded projects and the increased workload at headquarters referred to in paragraphs 10 and 82 of the document. The Committee further notes that for the 1992-1993 biennium, another 12 pro-rated project posts are proposed for headquarters; this would bring the total to 99. Furthermore, the Committee points out that the number of headquarters posts pro-rated to supplementary-funded projects has more than doubled since the 1988-1989 biennium. In view of the Committee's observations in this report, the need to establish 27 additional pro-rated project posts at headquarters is not fully justified. The Committee is of the view that this high rate of growth should be discontinued.

52. It is obvious from the above that in recent years project posts at headquarters have increased tremendously. UNICEF is a field-oriented Fund. Whatever reasons the administration may wish to give to explain this phenomenon, the Committee believes that the time has come for the Executive Board to put a stop to this trend. Projects are carried out in the field, that is where project posts should be located. The Committee recommends that a thorough review of this question be undertaken by the administration with a view to identifying all project functions and related posts for transfer to the field. As a general rule, there should be zero growth of project posts at headquarters. The Committee points out that unless policy measures are taken urgently, UNICEF will continue to face a disproportionate increase in costs at headquarters at the expense of project delivery in the field. UNICEF will also face serious problems of accommodation (see paras. 53-64 below).

General operating costs

53. The proposed general operating costs, $142.8 million, show an increase of $39.2 million, or 38 per cent, compared to the approved 1990-1991 expenditure. According to annex VIII to the budget document, a number of items would increase considerably. Rental of premises would increase by $8.2 million (39 per cent), maintenance of premises by $4 million (40 per cent), official travel by $3.9 million (28 per cent), furniture,

fixtures and equipment by $3 million (48 per cent), telephone by $2.7 million (45 per cent), information by $2.6 million (26 per cent), support costs (other information) by $1.8 million (87 per cent) and transportation equipment by $1.3 million (81 per cent). The recovery from supplementary-funded projects is estimated to decrease by $1.6 million. The Committee notes an increase of $2.5 million (73 per cent) for computer equipment.

54. The Committee's observations and recommendation on the proposed rent increase for an additional headquarters building, installation costs and maintenance of premises are contained in paragraphs 55 to 64 below. The Committee is of the view that expenditures for travel, telephone, information, support costs (other information), furniture, transportation equipment and other support costs should be carefully monitored.

Additional headquarters office accommodation (E/ICEF/1991/AB/L.9)

55. The Advisory Committee recalls that it recommended on 5 March 1990 that the Executive Director should submit a document to the Executive Board requesting a policy decision on the rental of premises outside UNICEF House and should seek the concurrence of the Advisory Committee on the actual terms of the lease. The Advisory Committee notes that the Executive Board then adopted the recommendation of the Committee on Administration and Finance and requested the Executive Director to submit at the earliest opportunity through the Advisory Committee to the 1991 Executive Board, a review and analysis of UNICEF New York headquarters office requirements, including, inter alia, current and future space needs, relationship to the medium-term plan, alternative locations, estimated costs and a statement of rental policies.

56. Table 7 below indicates the estimated office space needs and rental, maintenance and one-time installation costs for UNICEF New York headquarters for the period 1990-2000. The Committee notes that UNICEF is currently occupying 299,070 square feet in the New York area, including 180,491 square feet at UNICEF House and 84,400 square feet at the Greeting Card Operation (GCO) office premises. UNICEF proposes to increase its office space at New York headquarters by 100,000 square feet in the next 10 years to accommodate the projected increase of headquarters staff (E/ICEF/1991/AB/L.9, table 1).

57. The Committee was informed that UNICEF has already signed a two-year lease of an additional 23,438 square feet of office space on the 48th and 49th floors of the Dag Hammarskjöld building, commencing 1 February 1991. The Committee was further informed that the rent of an additional 23,438 square feet in the Dag Hammarskjöld building amounts to $641,138, excluding electricity, in 1991 and to $658,784 in 1992. The Committee points out with concern that substantial commitments on space were made before legislative review of the Executive Director's proposal for additional space.

Table 7. Rental, maintenance of premises and one-time installation costs
(In thousands of United States dollars)

Location	Sq./Ft.	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	Total 1990-2000
UNICEF House	180,491												
Rent		7,334.5	7,564.0	7,804.1	8,284.2	8,664.3	8,828.9	9,009.9	9,570.1	10,150.1	10,391.1	10,656.2	98,257.5
Retroactive charges		481.2											481.2
Electricity/maintenance		586.6	602.8	641.5	682.9	730.7	781.9	836.6	895.1	957.8	1,024.8	1,096.6	8,837.3
Total UNICEF House		8,402.3	8,166.8	8,445.6	8,967.1	9,395.0	9,610.8	9,846.5	10,465.2	11,107.9	11,416.0	11,752.8	107,576.0
Long Island City warehouse	26,000												
Rent		189.8	192.4	217.1	239.2	248.8	258.7	269.1	279.8	291.0	302.7	314.8	2,803.3
Park Ave. S warehouse	1,679												
Rent		19.4	20.2	21.1	21.9	22.8	23.6	24.4	25.3	26.1	26.9	27.8	259.5
Uganda House	6,500												
Rent		20.0	60.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	80.0
Additional space													
1991-1995	50,000												
1996-1997	30,000												
1998-2000	20,000												
Rent		0.0	1,450.0	1,473.5	1,498.5	1,524.5	1,552.0	2,483.2	2,528.8	3,157.6	3,285.0	3,352.0	22,305.1
Electricity/maintenance		0.0	145.0	152.2	159.8	167.7	176.0	281.6	295.7	310.5	407.0	427.4	2,522.9
One-time installation		0.0	1,933.0	0.0	0.0	0.0	0.0	1,185.0	0.0	0.0	791.2	0.0	3,909.2
TOTAL UNICEF, EXCLUDING GCO	314,670.0	8,631.5	11,967.5	10,309.5	10,886.5	11,358.7	11,621.1	14,089.8	13,594.8	14,893.2	16,228.8	15,874.7	139,456.1
GCO office premises	40,000												
Rent		791.0	1,025.0	1,027.0	1,027.0	1,232.8	1,232.8	1,232.8	1,232.8	1,232.8	1,441.6	1,441.6	12,917.2
Maintenance		39.0	50.0	50.0	50.0	60.6	60.6	60.6	60.6	60.6	141.8	141.8	775.6
Total GCO office premises		830.0	1,075.0	1,077.0	1,077.0	1,293.4	1,293.4	1,293.4	1,293.4	1,293.4	1,583.4	1,583.4	13,692.8
GCO Warehouse	44,400												
Rent		312.9	312.9	312.9	312.9	370.9	370.9	370.9	370.9	370.9	419.5	419.5	3,945.1
Maintenance		15.0	15.0	15.0	15.0	17.8	17.8	17.8	17.8	17.8	16.5	16.5	182.0
Total GCO warehouse		327.9	327.9	327.9	327.9	388.7	388.7	388.7	388.7	388.7	436.0	436.0	4,127.1
GRAND TOTAL GCO	84,400.0	1,157.9	1,402.9	1,404.9	1,404.9	1,682.1	1,682.1	1,682.1	1,682.1	1,682.1	2,019.4	2,019.4	17,819.9
GRAND TOTAL UNICEF	399,070.0	9,789.4	13,370.4	11,714.4	12,291.4	13,040.8	13,303.2	15,771.9	15,276.9	16,575.3	18,248.2	17,894.1	157,276.0

../...

58. The estimated rental costs for an additional 50,000 square feet, including operating expenses, real estate taxes and electricity, amount to $1.6 million in 1991 and up to $1.9 million in 1995. After the addition of 50,000 square feet from 1995, the rental costs would increase to $2.8 million in 1996 and up to $3.8 million in the year 2000. The Committee notes from table 7 above that the total costs for rent, maintenance and one-time installation for UNICEF New York headquarters for the period 1990-2000 amount to a minimum of $157.3 million.

59. The Executive Director requests that he "be authorized to negotiate a lease for a 15-year term with three five-year renewal options ... containing an option for cancellation at the end of the tenth year, or in July 2002, which is the expiration date of the current lease at UNICEF House, and be authorized to incur related one-time installation costs and moving costs not to exceed $2 million" (see E/ICEF/1991/AB/L.9, para. 52).

60. The Advisory Committee recalls that it was not involved in the original decision to move UNICEF New York headquarters to UNICEF House for a 15-year lease commencing July 1987. The Committee further recalls that the initial proposal of the Executive Director (E/ICEF/1984/L.4, para. 18) contained a caveat that UNICEF House offered only limited space for future growth. The Committee notes that only three years after the occupancy of UNICEF House, the total capacity of the existing premises is reported to be 93 persons less than currently required and that in 10 years the deficit would be about 35 per cent of total space requirements. The Committee expresses its concern that the limited space available at UNICEF House was not taken into account before a decision was taken to enter into a long-term lease of the present headquarters premises.

61. With regard to the UNICEF proposal to rent 50,000 square feet of additional office space in 1991, the Committee notes that UNICEF has already rented 23,438 square feet at the Dag Hammarskjöld building, effective February 1991. The Committee further notes that additional space of 5,000 square feet at UNICEF House is at present available as a "safety valve" for unforeseen requirements (E/ICEF/1991/AB/L.9, para. 35). The Committee notes that the 14th and 15th floors at UNICEF House, currently used as apartment floors, have been ruled out in the study as "impractical, too costly and not of sufficient size". The Committee does not see why renting over 20,000 square feet on the upper two floors of UNICEF House is not an option, considering that leasing additional space in the same building on similar terms from the United Nations Development Corporation would appear to be more practical and less costly than renting space in other buildings and areas of New York. The Committee notes that UNICEF is in process of operating from four headquarters buildings in Manhattan (UNICEF House, Uganda House, the GCO office and the Dag Hammarskjöld building). This is not efficient and entails additional costs.

62. According to the office accommodation study, the space standards at UNICEF have been compared mainly with New York City office buildings rather than with the United Nations. The space standards comparison schedule in

table 2 of document E/ICEF/1991/AB/L.9 indicates that all International Professional staff (P-1 to D-1) at UNICEF are allocated the same office size (120 square feet), while at the United Nations all staff from P-1 to P-4 are accommodated in 96 square feet standard offices. Furthermore, all General Service staff at UNICEF are accommodated in standard furniture work stations (76 square feet) compared to 36 to 60 square feet at the United Nations. The Committee believes that even taking into account the constraints imposed by the layout of the building, some economies could be made in the use of office space at UNICEF House.

63. With regard to the estimated staff needs at UNICEF headquarters, the Committee refers to its observations in paragraphs 11, 25 to 34 and 46 to 52 above and its recommendations for zero growth of headquarters staff and the redeployment of all headquarters project staff performing project functions to field offices. Considering that additional office space of 23,438 square feet has already been rented and that the Advisory Committee has recommended that the increase of headquarters staff should be slowed considerably, the Committee concludes that there is no need to rent additional office space over and above the 23,438 square feet at the Dag Hammarskjöld building. Consequently, this would result in a decrease of the request for $3.6 million ($1.6 million for additional rent and $2.0 million for installation costs) in the revised 1990-1991 budget by total $2,894,407. The Committee further recommends that the Executive Director make full use of the additional office space available at UNICEF House and consider renting the upper two floors at UNICEF House at a later stage, if necessary. The Committee trusts that UNICEF will also take cost-saving measures in the accommodation of staff comparable to the United Nations.

64. The Committee notes finally that the market survey of additional office space was limited to rental costs of other buildings in the New York area. In view of the projected high rental costs of UNICEF New York headquarters and warehouses for 1990-2000 in the amount of $157.3 million, which are likely understated, the length of a proposed long-term lease of other buildings, the difficulties in operating from different headquarters buildings and the current low market rates, the Committee recommends that a market study should be prepared, including a cost-benefit analysis of the real estate market in New York and surrounding areas, comparing the purchase price and rental costs of suitable buildings. The Committee notes that all possible options for UNICEF headquarters accommodation should be evaluated before a long-term policy decision is taken by the Executive Board, taking into account the substantial costs involved, the long-term investment and asset of headquarters property compared to largely increasing rental costs and the implications for the effective management and operation of UNICEF from one central office location.

Annex

SUMMARY OF INTERNATIONAL PROFESSIONAL POST RECLASSIFICATION BY GRADE AND OFFICE: 1992-1993 PROPOSED BUDGET a/

1990 level	1992 level	Post title	Duty station
		Field offices	
D-1	D-2	UNICEF representative	Addis Ababa, Ethiopia
D-1	D-2	UNICEF representative	Lagos, Nigeria
P-5	D-1	UNICEF representative	Kampala, Uganda
P-5	D-1	UNICEF representative	Luanda, Angola
P-5	D-1	UNICEF representative	Bamako, Mali
P-5	D-1	UNICEF representative	Manila, Philippines
P-5	D-1	UNICEF representative	Kathmandu, Nepal
P-5	D-1	UNICEF representative	Mexico City, Mexico
P-5	P-4	Senior programme officer b/	Bangkok, Thailand
P-4	P-5	Senior operations officer	Addis Ababa, Ethiopia
P-4	P-5	Senior programme officer	Dar es Salaam, United Republic of Tanzania
P-4	P-5	Senior programme officer	Kampala, Uganda
P-4	P-5	Senior programme officer	Luanda, Angola
P-4	P-5	Senior programme officer	Maputo, Mozambique
P-4	P-5	Senior programme officer	Bamako, Mali
P-4	P-5	Senior programme officer	Dakar, Senegal
P-4	P-5	Chief, health	Dhaka, Bangladesh
P-4	P-5	Operations officer	Dhaka, Bangladesh

1990 level	1992 level	Post title	Duty station
		Field offices (continued)	
P-4	P-5	Senior programme coordinator	Manila, Philippines
P-4	P-5	Senior programme/planning officer	Kathmandu, Nepal
P-4	P-5	Chief, personnel services	New Delhi, India
P-4	P-5	Senior programme officer	Mexico City, Mexico
P-3	P-4	Operations officer	Kampala, Uganda
P-3	P-4	Operations officer	Bamako, Mali
P-3	P-4	Assistant representative	Banjul, Gambia
P-3	P-4	Operations officer	Dakar, Senegal
P-3	P-4	Operations officer	Kinshasa, Zaire
P-3	P-4	Assistant representative	Malabo, Equatorial Guinea
P-3	P-4	Operations officer	Ouagadougou, Burkina Faso
P-3	P-4	Personnel officer	Dhaka, Bangladesh
P-3	P-4	Administrative and finance officer	Hanoi, Viet Nam
Total posts (field)		31	
		Headquarters	
D-1	D-2	Director	Geneva Office
D-1	D-2	Director	New York headquarters, Evaluation Office
P-5	D-1	Chief, Recruitment and Staff Development Section	New York headquarters, Division of Personnel
P-5	D-1	Counsellor to the Executive Director	New York headquarters, Executive Director's Office

1990 level	1992 level	Post title	Duty station
		Headquarters (continued)	
P-5	D-1	Director, United Nations affairs and special representative	New York headquarters, Executive Director's Office
P-5	D-1	Senior adviser, nutrition	New York headquarters, Programme Division
P-4	P-5	Financial planning officer	New York headquarters, Division of Financial Management
P-4	P-5	Training officer	New York headquarters, Division of Personnel
P-4	P-5	Senior personnel officer	New York headquarters, Division of Personnel
P-4	P-5	Chief, Remuneration Unit	New York headquarters, Division of Personnel
P-4	P-5	Senior programme officer, Americas Section	New York headquarters, Programme Division
P-4	P-5	Senior programme officer, Middle East and North Africa Section	New York headquarters, Programme Division
P-4	P-3	Chief, Supply Operations Services Section b/	Copenhagen Office
P-3	P-4	Chief librarian	New York headquarters, Programme Division
P-3	P-4	Budget officer	New York headquarters, Division of Financial Management
P-3	P-4	Finance officer	New York headquarters, Division of Financial Management
P-3	P-4	Recruitment officer	New York headquarters, Division of Personnel

1990 level	1992 level	Post title	Duty station
		Headquarters (continued)	
P-3	P-4	Personnel officer	New York headquarters, Division of Personnel
P-3	P-4	Personnel officer	New York headquarters, Division of Personnel
P-3	P-4	Special assistant	New York headquarters, Executive Director's Office
P-3	P-4	Executive assistant	New York headquarters, Executive Director's Office
P-3	P-4	Information officer, radio and television	New York headquarters, Division of Information
Total posts (headquarters)		22	
Grand total		53	

a/ Annex II to the budget document.

b/ Downgrade.